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AZ CORP COMMISSION DOCKET CONTROL

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BEFORE THE ARIZONA POWER PLANT AND

TRANSMISSION LINE SITING COMMITTEE

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY, IN CONFORMANCE WITH THE REQUIREMENT OF ARIZONA REVISED STATUTES §§ 40-360, et seq., FOR A CERTIFICATE OF **ENVIRONMENTAL COMPATIBILITY AUTHORIZING THE TS-5 TO TS-9** 500/230kV TRANSMISSION LINE PROJECT, WHICH ORIGINATES AT THE FUTURE TS-5 SUBSTATION, LOCATED IN THE WEST HALF OF SECTION 29, TOWNSHIP 4 NORTH, RANGE 4 WEST AND TERMINATES AT THE FUTURE TS-9 SUBSTATION, LOCATED IN SECTION 33, TOWNSHIP 6 NORTH, RANGE 1 EAST, IN MARICOPA COUNTY, ARÍZONA

DOCKET NO. L-00000D-08-0330-00138

CASE NO. 138

NOTICE OF FILING



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Vistancia, LLC hereby files its Exhibits V-1 through V-3 in the above-referenced

22 matter.

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1	RESPECTFULLY SUBMITTED this 5th day of September, 2008.	
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5	By Joseph a Dray	
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7	Attorneys for Vistancia, LLC	
8	Original and 25 copies were filed this 5th day of September, 2008, with:	
9	Docket Control	
10	Arizona Corporation Commission 1200 W. Washington Street	
11	Phoenix, AZ 85007	
12	Copy of the above emailed this	
13	5th day of September, 2008, to:	
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APS TS-5 TO TS-9 500/23KV TRANSMISSION LINE PROJECT DOCKET NO. L-00000D-08-0330-0138

VISTANCIA, LLC EXHIBIT INDEX

Exhibit Number/Tab	<u>Content</u>
V-1	Letter from K. Ramaley to J. Souder dated 11/28/05 re Notice of Intent to Prepare a Programmatic Environmental Impact Statement
V-2	Letter from K. Ramaley to J. Souder dated 7/10/06 re Comments on the Preliminary Draft Energy Corridor Maps, EPAct Section 368
V-3	Letter from G. Bernosky, P. Herndon and M. DeWitt to West-Wide Energy Corridor DEIS / Argonne National Laboratory dated 2/13/08 re APS Comments on the West-wide Energy Corridors Draft PEIS



KARILEE S RAMALEY Senior Attorney Telephone (602) 250-3626 Facsimile (602) 250-3393

November 28, 2005

Ms. Julia Souder
Office of Electricity Delivery and Energy Reliability
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, D.C 20585

Re: Notice of Intent to Prepare a Programmatic Environmental Impact Statement, Amended Relevant Agency Land Use Plans, Conduct Public Scoping Meetings, and Notice of Floodplain and Wetlands Involvement, FR Vol. 70, No. 187, page 56447 (September 28, 2005)

Dear Ms. Souder.

Arizona Public Service Company ("APS") appreciates the opportunity to comment on the Notice of Intent to prepare a draft Programmatic Environmental Impact Statement ("PEIS") implementing Section 368 of the Energy Policy Act of 2005 (P.L. 109-58) ("2005 EPAct"). APS spoke at the Public Scoping Meeting ("Scoping Meeting") held in Phoenix, Arizona on November 3, 2005 and incorporates the comments it made at the Scoping Meeting. APS also supports the comments submitted by the Edison Electric Institute ("EEI") and incorporates them here by reference. Finally, as indicated during the Public Scoping meeting, APS hopes to continue to be a partner with the Departments of Energy, Interior and Agriculture ("Departments") as they complete the preparation of the PEIS.

Annual system load growth throughout the Southwest is 3-5%, which is approximately three times the national average. APS, which is the largest electric utility in Arizona, serves more than 1 million customers in 11 of the state's 15 counties. The APS service territory is one of the fastest growing in the country and covers federal, state and tribal lands. APS continually evaluates where it needs both new and upgraded transmission facilities to serve its customers needs. Many of the transmission lines constructed and operated by APS cross federal lands, as well as state, tribal and privately owned lands. APS has worked successfully with various federal agencies in the past to develop utility corridors that have

Ms. Julia Souder November 28, 2005 Page 2

been incorporated into the agencies' Resource Management Plans. Attachment 1 is a map showing the existing transmission system in Arizona. Attachment 2 is a map showing APS's current plans for new facilities between 2005-2014. Attachment 3 is a map identifying existing corridors in Arizona that could be widened and potential new corridors that APS believes would be beneficial for currently planned facilities and facilities that may be needed outside the current planning horizon. APS requests that the Departments use the information in these maps to identifying and designate utility corridors to be incorporated into the Departments' Resource Management Plans.

APS will continue its detailed analysis to identify additional specific corridors to recommend for the Departments' consideration and will submit that information as soon as it becomes available.

In order to access future base load coal-fired generation and renewable resources, APS recently announced the initiation of a feasibility study for two 500,000-volt (500-kV) transmission lines from Wyoming to northern Arizona ("TransWest Express Project" or "Project"). The completion of the TransWest Express Project would provide Arizona and other western states increased capability to access electricity generated from coal, wind and other resources in Wyoming. Additional information regarding the TransWest Express Project is provided below. Again, as APS identifies more specific corridors for the TransWest Express Project, that information will be submitted for the Departments' consideration in preparing the PEIS.

General Recommendations

Like EEI, APS believes that Alternative 4, the Optimization Criteria Alternative, set forth in the Notice of Intent best accommodates the objectives underpinning the 2005 EPAct and should be the preferred alternative for the PEIS. Alternative 4 takes into account critical elements important for sound transmission planning while providing the best assurance that the required environmental review and analysis are completed early in the process, thereby allowing for expedited procedures when the time comes to site (or upgrade) a line within a designated corridor.

To most effectively complete the PEIS process within the time frame provided in the 2005 EPAct, APS encourages the Departments to look to the work already done or underway by regional planning groups with detailed knowledge of the regions at issue. In the Western Interconnection these groups include:

- Seams Steering Group Western Interconnection (SSG-WI
- Colorado Coordinating Planning Group (CCPG)
- Northwest Transmission Assessment Committee (NTAC)
- Rocky Mountain Area Transmission Study group (RMATS)

Ms. Julia Souder November 28, 2005 Page 3

- Southwest Transmission Expansion Plan group (STEP)
- Southwest Area Transmission group (SWAT).

The work already completed or underway by these groups will assist the Departments in identifying necessary and appropriate utility corridors, as those regional groups, along with the specific utilities affected, best understand what is needed to ensure system reliability and address congestion concerns. In addition, APS recommends that the Departments take into consideration the work reflected in the 2003 Western Regional Corridor Planning Priority Corridors map (and its predecessors), which was prepared in cooperation with federal land management agencies

APS strongly urges the Departments to designate specific energy corridors through the PEIS process where it is feasible to do so. At a minimum, those corridors should include the corridors already being utilized by existing 69 kV and above transmission lines crossing federal lands. APS also encourages the Departments to assess the feasibility of converting or expanding those existing corridors to accommodate additional or upgraded transmission facilities. To the extent possible, the Department also should designate new corridors for transmission lines to meet the needs expressed through the regional planning processes and by the individual utilities, and that are consistent with environmental constraints. APS has undertaken a process to identify proposed corridors to meet its anticipated needs and will submit that information as it is developed. APS further recommends that the Departments include new corridors for future 69 kV and distribution facilities, particularly on U.S. Forest Service lands. APS suggests that, wherever possible, such corridors should follow existing linear features (e.g., highways, U.S. Forest Service roads, and existing utility lines). Finally, APS strongly urges the Departments to ensure that after the PEIS is completed, the same NEPA analysis does not have to be redone for a minimum of ten years.

It is essential that the Departments work with other affected jurisdictions (states, local communities, and tribes) to enhance coordination and timely permitting of transmission lines. The ability to cross state, local and tribal lands, particularly in the west, is critical to the siting of transmission facilities. APS also encourages the Departments to consult with the Western Governors Association. If the Departments can designate corridors that coordinate with the preferences of the affected states and tribes, the value of such corridor designations will only be enhanced.

Once a transmission line is sited and constructed within a designated utility corridor across federal lands, the corridor should remain a utility corridor until it no longer is needed for the transmission facilities located within it. Thus, any transfers of federal lands should, at a minimum, require the transferee to maintain the utility corridor, avoid conflicting uses, and maintain terms consistent with a federal right-of-way. In addition, APS encourages the Departments to develop enforceable guidelines to prevent the placement of incompatible uses in the same corridor, as well as to prevent encroachment on the corridors by incompatible uses. Although there are a number of uses compatible with transmission lines,

Ms Julia Souder November 28, 2005 Page 4

and there is value in corridors being used for more than one compatible purpose, APS believes that certain uses are incompatible with transmission facilities.

Of equal importance to the designation and protection of utility corridors in the PEIS, however, is the development of procedures for (i) designation of additional corndors in the future and (ii) a streamlined process to ensure expedited compliance with the National Environmental Policy Act ("NEPA") for lines to be sited within previously designated energy corridors on federal lands. With respect to the designation of future corridors, it is important that the corridors developed through the PEIS process not preclude a siting application outside such corridors, nor should such a siting process be made any more difficult than under currently existing regulations.

With respect to the siting of facilities within already designated corridors, it should be clear that so long as the facilities are consistent with the parameters established for a corridor, no more than an Environmental Assessment should be needed to satisfy NEPA. At a minimum, work that has already been completed should not have to be repeated when a siting application is submitted for a previously designated corridor.

APS also encourages the Departments to develop consistent vegetation management practices on federal lands so that utilities are able to comply with the NERC Transmission Vegetation Management Standard.

Specific Recommendations

Corndor widths identified by federal land management agencies in their management plans currently vary between agencies APS recommends that all corridors designated under the PEIS be three to five miles wide. Such widths will provide the flexibility necessary to avoid environmentally sensitive areas, address engineering, technical and vegetation management constraints, and allow lines to be built with sufficient separation to reduce the risk of simultaneous outage of multiple lines. Those widths also would accommodate the need for access roads and temporary construction activities. Closely paralleled lines in a common corridor may have a high probability of common mode outage, which would result in a lower path rating based upon Western Electric Coordinating Council ("WECC") planning criteria. Wider corridor widths also provide flexibility to meet separation requirements necessary to accommodate various uses within the same corridor.

Environmental Issues

APS recommends that the following four environmental resource categories be evaluated to determine opportunities and constraints for locating utility corridors: (1) <u>fand use</u> (jurisdiction, existing and future land use, recreation, and utilities); (2) <u>visual</u> (most land management agencies have defined visual resources and determined management levels); (3) <u>cultural</u> (archaeological, historical and traditional cultural properties); and (4) <u>biology</u>

Ms Julia Souder November 28, 2005 Page 5

(vegetation, wildlife, habitat, threatened and endangered species, etc.). APS believes that the best opportunities for utility corridors typically are (1) corridors following linear features, such as existing or future transmission lines, roads, railroads, pipelines, linear communication facilities (e.g., fiber optic lines), canals, and jurisdictional lines, or (2) areas with low resource sensitivity. The PEIS should comprehensively evaluate cumulative effects (future NEPA documents could refer to these results), land values, and environmental justice issues, among others. Corridor widths of three to five miles will facilitate the siting of new transmission facilities in a manner that is more compatible with environmental concerns because such widths will provide the flexibility needed to avoid or mitigate harm to such resources

Jurisdictional Issues

A large portion of the land in the western United States is under federal, state or tribal jurisdiction. Several federal land designations currently limit new transmission lines. In such areas, it is even more important for corridor widths to be expanded to three to five miles to allow future lines to be sited in a manner that minimizes impact to the environment and ensures system reliability. The following paragraphs set forth specific examples where such issues may arise

- National Recreation Areas National recreation areas, currently under the management of the National Park Service, should allow for future lines through wider corridor widths of three to five miles
- National Monuments Recently designated (2001) National Monuments in the west contained corridors critical to future transmission line projects Currently, however, the National Monument designations prohibit any new transmission lines. APS encourages the Department to consider widening the existing corridors and opening them to new lines.
- Military Lands Military lands have blocked potential transmission lines or have low height restrictions across vacant lands that prohibit future line development. It is important for the Departments to work with the military facilities to identify utility corridors to allow siting of new facilities while protecting military uses.
- U.S. Fish and Wildlife Service Lands U.S. Fish and Wildlife Service lands currently have restrictions that block future lines and should be evaluated for possible corridor widening
- Other Federal Designations Lines in proximity to certain federal land designations, such as wilderness areas, generally are forced to locate elsewhere regardless of the cost and environmental impacts (even when an area currently has existing lines).

Alternatives to expensive bypass routing should be given serious consideration by the Departments.

- Indian Reservations Numerous lines cross reservations and more will be needed in the future for wheeling of energy throughout the west. APS strongly urges the Departments to invite the tribes throughout the west to participate in the planning process and to encourage those tribes to designate utility corridors that coincide with utility corridors designated on adjacent federal lands. The designation of corridors three to five miles wide would allow for alternatives to be evaluated that can accommodate the needs and desires of the tribes impacted by a transmission line. In addition, however, alternatives that bypass the reservations should be planned and included in the PEIS. For example, between Arizona, Utah, Colorado, or New Mexico, numerous reservations restrict new lines traveling north/south and east/west. Alternatives are necessary to avoid these reservations while serving the growing needs of the southwest.
- State Lands APS also urges the Departments to invite the western states to participate in the PEIS process. Because of the large amount of state land in Arizona, the Departments should work with the Arizona State Land Department to identify state preferences for the location of utility corridors.
- Zoning Corridor designations should take into account local and county plans and zoning decisions wherever possible

TransWest Express Project

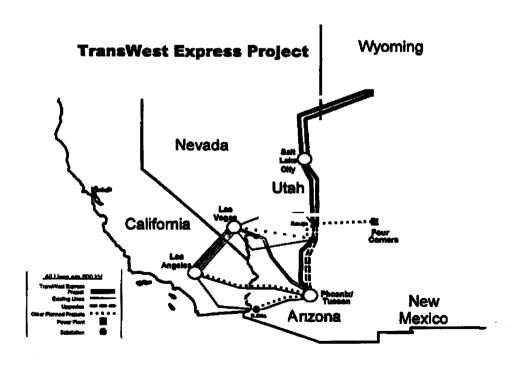
As mentioned above, APS recently announced the TransWest Express Project. APS is seeking input and participation of interested parties to jointly examine the technical and economic feasibility of the Project, as well as the relevant environmental and regulatory considerations. This joint feasibility analysis will be performed within the various regional and sub-regional transmission planning groups and reliability organizations in the West. An open stakeholder project kick-off meeting was held in Phoenix on November 17, 2005 and was attended by approximately 75 interested parties.

The Project initially will be modeled as two parallel 500kV AC transmission lines starting at the Jim Bridger station in Southwestern Wyoming. The Project seeks to access coal, wind and other resources in Wyoming and there may be additional transmission included in the Project into that region. From Jim Bridger, the Project could go into the Wasatch Front area of Utah to serve load in the Salt Lake City area and then go south through Utah across the Arizona border to terminate at the Navajo 500kV station. The Project will be a minimum of 600 miles in length depending on the route(s) selected and where the Project terminates in Wyoming. The Project cost is estimated to be in excess of \$3 billion.

In addition to the new transmission lines, the feasibility study will also assess the benefits of integrating these new facilities with other transmission projects already announced or planned, including the Dine Navajo Transmission Project, the Palo Verde – Devers #2 Project, the Palo Verde – North Gila #2 Project, and planned upgrades to the existing Navajo Transmission System lines and the Mead – Phoenix line It is anticipated that with these existing planned transmission projects, the TransWest Express Project also will provide significant benefit and opportunity for remote resource access to Southern Nevada and Southern California The feasibility study also will assess the benefits of a third line from the Navajo Generating Station in northern Arizona to the Phoenix area (see map below).

The Phase 1 feasibility study is expected to take about one year Phase 2 of the Project would include obtaining required permits and other approvals and a WECC Project rating Phase 3 would include construction and operation of the Project, with an expected inservice date of 2013.

Below is a conceptual line route. As the feasibility analysis is completed, a more definite route will be identified and, if the project proceeds, a final route will be pursued. APS will keep the Agencies informed as the Project route develops and will pursue siting through the regulatory process in each of the affected states.



Ms. Julia Souder November 28, 2005 Page 8

Also included at Attachment 4 is a map that, in addition to reflecting the same corridors shown on Attachment 3, identifies additional potential corridors for the TransWest Express Project APS requests that the Departments widen all of the existing corridors indicated on the map and designate the additional proposed corridors as utility corridors in the PEIS.

APS looks forward to working with you and the Departments throughout the preparation of the PEIS. As indicated above, APS will provide additional information as it completes its current assessment of corridor needs. In the meantime, if you have any questions, please feel free to contact me

Sincerely,

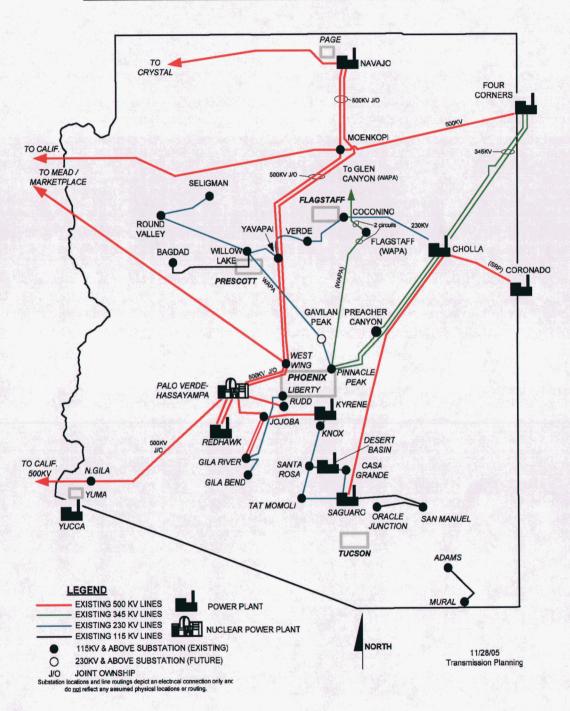
Arizona Public Service Company

By Kanlee S Ramaley

cc Robert D Smith, APS Paul E. Herndon, APS

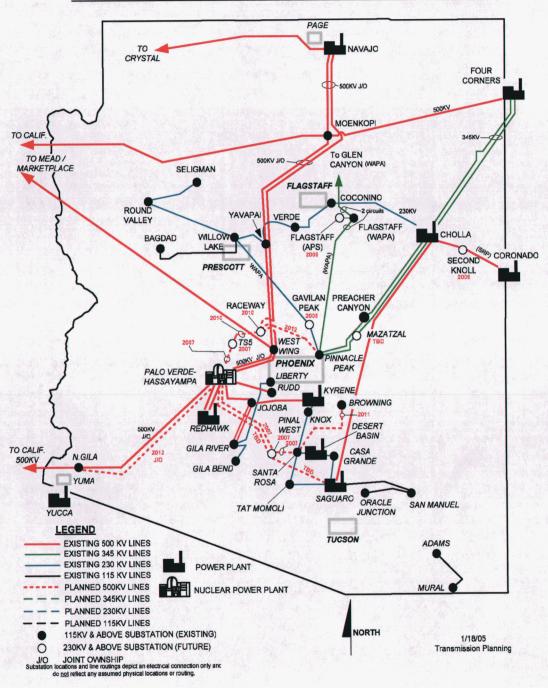
ATTACHMENT 1

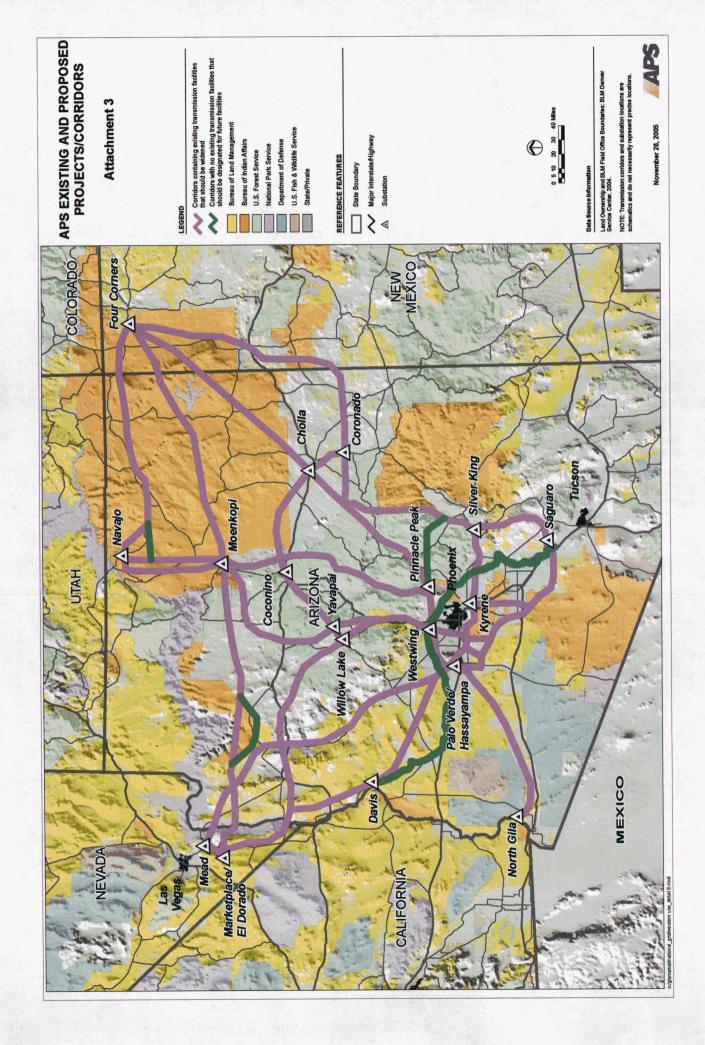
2005 APS TRANSMISSION SYSTEM

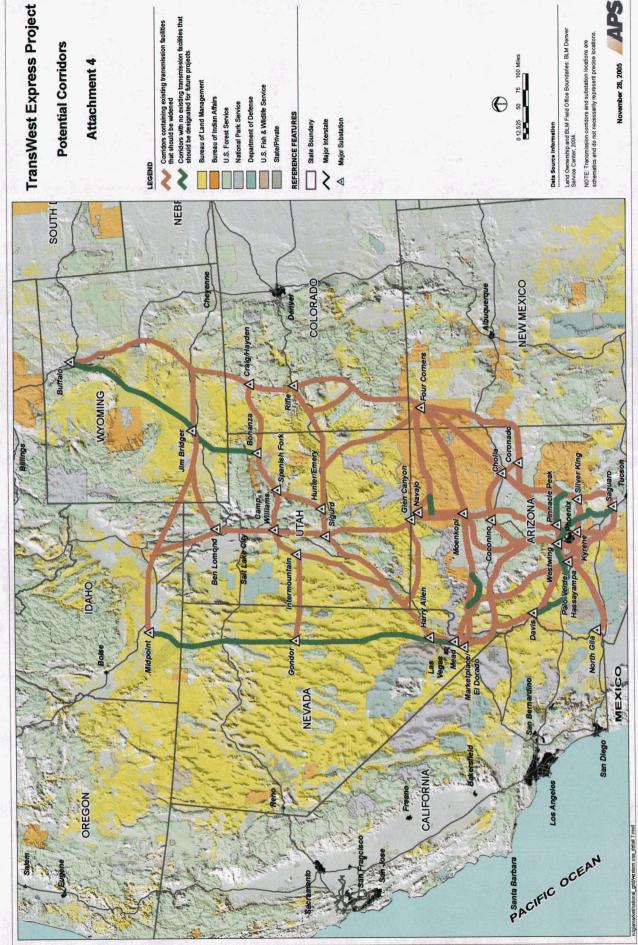


ATTACHMENT 2

APS EHV & OUTER DIVISION 115/230 KV TRANSMISSION PLANS 2005 - 2014









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July 10, 2006

Ms. Julia Souder
Office of Electricity Delivery and Energy Reliability
Room 8H-033
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, D.C. 20585

Re: Comments on the Preliminary Draft Energy Corridor Maps, EPAct Section 368

Dear Ms. Souder:

Arizona Public Service Company ("APS") appreciates the opportunity to comment on the "Preliminary Draft Maps of Potential Energy Corridors" made available to the public in early June, 2006. APS spoke at the Public Scoping Meeting held in Phoenix, Arizona on November 3, 2005, filed comments in response to the Notice of Intent to prepare a draft Programmatic Environmental Impact Statement ("PEIS") implementing Section 368 of the Energy Policy Act of 2005 (P.L. 109-58) ("2005 EPAct"), and has provided additional information to the Departments of Energy, Interior and Agriculture ("Departments") for the preparation of the PEIS.

APS, the largest electric utility in Arizona, serves more than 1 million customers in one of the fastest growing areas of the country. APS's service territory covers 11 of the state's 15 counties and many of our transmission lines cross federal lands, as well as state, tribal and privately owned lands. APS anticipates that trend to continue well into the future, especially in light of the significant portion of the west that constitutes federal or tribal lands. APS has worked successfully with various federal agencies in the past to develop utility corridors that have been incorporated into the agencies' Resource Management Plans and is hopeful that such a successful partnership will continue.

OVERVIEW

APS is encouraged by the efforts taken by the PEIS team. It is clear that the team has accomplished much toward the completion of the PEIS. As the process moves forward, APS urges the Departments to:

- Carry forward all existing utility corridors and consider whether they can be widened;
- Evaluate all existing high voltage transmission and pipeline routes for designation as utility corridors;
- Consider and coordinate with corridors already designated by states on state or other land;
- Designate alternative routes around state or tribal land;
- Expand the proposed corridor width to at least one mile, but preferably 2-5 miles, to facilitate the siting of multiple facilities in a single corridor without adversely impacting safety or reliability; and
- Consider including corridors for distribution facilities of at least 69kV on federal lands to facilitate serving load centers that may be surrounded by federal lands.

APS has addressed most of these issues in its prior comments and in testimony submitted by Robert Smith, APS Manager of Transmission Planning, to the House Subcommittees on Water and Power and on Forests and Forest Health. Mr. Smith's filed written statement is attached and is incorporated by reference. APS also supports the comments filed by the Edison Electric Institute ("EEI"). Because those comments address many of the above-referenced concerns, we will not restate all of them here. Instead, we ask that the Departments give the attached comments serious consideration and we highlight certain key issues and concerns in the following paragraphs.

Also attached is a map again indicating those locations where APS believes corridors are needed for future transmission lines. APS noted that a number of the corridors we identified were not included on the preliminary maps. Because federal lands encompass much of the northern and eastern borders of Arizona, it will be critical that utility corridors be designated across those lands to facilitate the development of the west's resources. For example, federal and tribal lands run across almost the entire northern border of Arizona. To access renewable and clean coal resources in Wyoming and other northern states, Arizona will need to bring those resources in across transmission lines crossing those federal lands.

COMMENTS

A. All Existing Designated Utility Corridors Should be Retained with at Least the Same Corridor Width.

The preliminary maps provided by the Departments do not appear to include already existing designated utility corridors as corridors to be carried forward. APS strongly believes that utility corridors already included in Resource Management Plans or otherwise designated previously should be carried forward, with at least the same corridor width already designated, without the need for PEIS review. APS encourages the Departments to clarify that already designated corridors are being carried forward and that the maps included in the PEIS are for additional corridors. APS also urges the Departments to consider whether any existing designated corridors can be widened and, if so, only the widening of the corridors should be considered in the PEIS process.

B. Existing Transmission Facility and Pipeline Routes should be Designated as Corridors

Existing transmission facilities and pipelines often provide excellent locations for the siting of additional energy infrastructure provided there is sufficient room to accommodate the added facilities. APS urges the Departments to designate as utility corridors all transmission elements identified and referenced in the November 7, 2005 "Report to Congress: Corridors and Rights-of-Way on Federal Lands," by the U.S. Department of Agriculture, U.S. Department of the Interior, U.S. Department of Energy, and the Council on Environmental Quality.

C. Coordination of Federal Lands Corridors with State and Tribal Preferences and the Need for Wider Corridors and Alternative Routes

The attached comments by Mr. Smith on behalf of APS discuss the need for corridors wider than 3,500 feet to provide the flexibility needed to avoid environmentally sensitive areas, address engineering, technical and vegetation management constraints, and allow lines to be built with sufficient separation to meet the Western Electric Reliability Council reliability requirements and reduce the risk of simultaneous outages of multiple lines.

Additional support for wider corridors, as well as for alternative routes or corridors, is raised by the need for the siting of transmission lines to be coordinated across federal, state and tribal lands. Because transmission lines often cross federal as well as state and/or tribal lands, a utility must work with all impacted agencies to identify an appropriate route or routes. The preliminary maps issued by the Departments, however, identify corridors only on certain federal lands that simply terminate when they intersect state or tribal lands. Without corridors of sufficient width or the availability of alternative routes around state and tribal lands, it will be difficult to site future energy infrastructure. APS therefore strongly urges the Departments to (i) designate corridors of at least one mile in width,

Ms. Julia Souder July 10, 2006 Page 4 of 4

and preferably 2-5 miles, (ii) designate alternative corridors around state or tribal lands to facilitate siting, and (iii) coordinate their efforts with the impacted states and tribes.

Perhaps the concerns being raised regarding the designation of wider corridors stems from a fundamental misunderstanding of what a "corridor" means with respect to the siting of a transmission line. APS typically has worked with the Bureau of Land Management ("BLM"), for example, to identify corridors of at least one mile in width for a single transmission line (wider for multiple lines). That does not mean, however, that the entire one-mile width ultimately is used for the construction of the transmission line. Instead, APS works within that corridor to identify a route designed to minimize impacts and avoid sensitive areas. With proper planning, the actual right of way ultimately granted and used for construction and operation of the transmission line is only a portion of the wider "corridor." In most cases less than 200 feet of right-of-way is required for a single transmission line. Without the wide corridor, however, APS would not have the flexibility required to work with the BLM or another federal land agency to minimize impacts. Like EEI, APS encourages the Departments to clarify the definition of energy corridors.

D. Use of Highways and Other Linear Features for Corridors Provide Further Support for Wider Corridors

APS appreciates that the Departments have identified highways as possible locations for energy corridors. APS often has sited transmission lines along highways and other linear features (such as the Central Arizona Project) in order to minimize the impact on the environment and the communities in which the lines are located. APS is concerned, however, that corridors already containing such large linear features could be limited to 3,500 feet in width. If the highway or other linear feature is considered the center line of the corridor, for example, the ability to site a transmission line will have been severely restricted.

Thank you again for the opportunity to provide comments on the preliminary corridor maps. APS looks forward to working with you and the Departments as preparation of the PEIS continues. If you have any questions or need any additional information, please feel free to contact me.

Sincerely,

Arizona Public Service Company

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By Karilee S. Ramaley

Cc: Robert D. Smith, APS Paul E. Herndon, APS

Statement of Robert Smith On behalf of Arizona Public Service Company And The TransWest Express Project

Before The House Subcommittee on Water and Power And The House Subcommittee on Forests and Forest Health

June 27, 2006

My name is Robert Smith and I am the Manager of Transmission Planning and Engineering for Arizona Public Service Company (APS). On behalf of APS, I participate in several regional transmission planning organizations that continue to evaluate the need for investment in the high-voltage transmission system throughout the West. I also am the Project Manager for the TransWest Express Project (TransWest Express). I appreciate the opportunity to testify before this joint subcommittee hearing on behalf of APS and TransWest Express.

APS, Arizona's largest and longest-service electricity utility, serves more than 1 million customers in 11 of the state's 15 counties. With headquarters in Phoenix, APS is the largest subsidiary of Pinnacle West Capital Corporation (NYSE: PNW). In late 2005, APS announced the initiation of a feasibility study for TransWest Express, which is designed to allow Arizona and other western states increased capability to access electricity generated from coal and wind resources in Wyoming. I will discuss TransWest Express in more detail later in my comments.

I am here today first to thank you for including provisions in the Energy Policy Act of 2005 (EPAct 2005 or Act) to address the continuing and growing need for additional high-voltage electricity infrastructure in the West. Through my involvement in various regional planning efforts and the Western Congestion Assessment Task Force (WCATF), it has become clear to me that additional interstate transmission is needed to ensure grid reliability in the future. That same transmission also will help consumers access reliable, affordable and environmentally responsible sources of energy. It is therefore important that the efforts begun in the EPAct 2005 be implemented in a timely and complete manner.

I also am here to express APS's appreciation for the genuine effort and commitment demonstrated by the Departments of Energy and Interior, the United States Forest Service, and the Defense Department (collectively, the Departments) to accomplish the tasks that Congress set for them under Section 368 of the Act. Because securing corridors for energy rights-of-way across federal land is critical if western energy infrastructure needs are to be met in a reasonable time frame, we value the dedication of agency personnel to accomplishing their tasks. APS is encouraged that the goal of better interagency cooperation, clearly necessary for multi-jurisdictional regional issues, appears to be improving and should provide long term benefits to the public. APS looks forward to continuing to participate in the Section 368 process and to providing comments on the more detailed maps that we understand will soon be issued by the Departments.

APS, like other electric utilities, continually evaluates where it needs both new and upgraded transmission facilities to serve its customers' needs. APS also has worked successfully in the past with various federal agencies, including the Bureau of Land Management, to develop utility corridors that have been incorporated into the agencies' Resource Management Plans and used by APS or others for HV and EHV transmission lines. Because of the value that APS has experienced in siting in designated utility corridors, APS supports the Section 368 requirement that federal land agencies designate energy corridors by August 2007.

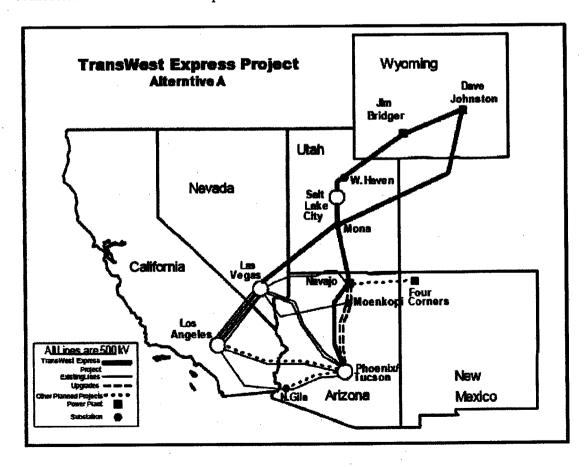
Annual system load growth throughout the Southwest is 3-5%, which is approximately three times the national average. It is anticipated that the demand in Arizona alone will grow by an additional 9000 MW by 2020. In order to meet the rapid growth in demand experienced in Arizona over the last several years, and the expected continuing rapid growth, APS and the other Arizona utilities have constructed a number of high voltage (HV) and extra high voltage (EHV) transmission projects within Arizona and have several more planned. Included as Attachment 1 to my testimony is a map showing APS's current plans for new facilities between 2005-2014. Attachment 2 is a map that shows existing corridors that could be widened to accommodate additional transmission lines and potential new corridors that APS believes would be beneficial. Both maps were included in APS's Section 368 comments. I am not going to repeat our comments here, but will note that APS believes the corridors indicated on those maps meet the Section 368 goals, and we are hopeful that the federal agencies will designate these corridors in the programmatic environmental impact statement (PEIS) currently being prepared.

Based on APS's assessment of its future resource needs, including both transmission and generation, APS announced TransWest Express in late 2005. APS has been actively seeking input from interested stakeholders, has formed four groups (transmission feasibility, permitting, economic, and legal and negotiating) to conduct the feasibility study, and has held several public stakeholder meetings over the past 8 months. We also routinely update the regional planning groups that could be impacted by the project, as well as the Western Electric Coordinating Council (WECC). Finally, we are coordinating our efforts with the Frontier Project and are updating the various state, local and tribal jurisdictions that the project may touch.

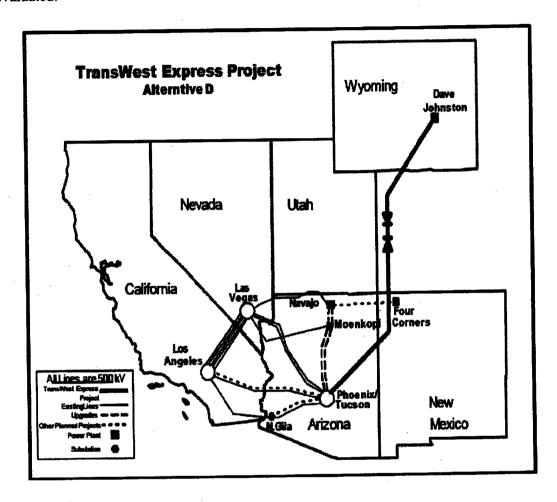
TransWest Express seeks to provide access for APS and the Southwest to coal (including advanced clean coal technologies) and wind resources in Wyoming. The access to these resources will support a balanced resource portfolio for the Southwest and will facilitate the more effective use of domestic energy resources. In addition, and equally as important, TransWest Express will strengthen the reliability of the western transmission system and provide benefits to states throughout the West. All of the routes under consideration for the project are consistent with and supported by both the Report to the Western Governors Association titled "Conceptual Plans for Electricity Transmission in the West" (August 2001) and the Rocky Mountain Area Transmission Study (RMATS) reports. Both of those reports noted that electric transmission in the West is constrained and that those constraints result in the underutilization of the region's vast wind and coal resources.

APS is well along the way with the Phase 1 feasibility study for TransWest Express and we expect to complete it by the end of 2006. APS is modeling several alternatives consisting of two AC or one DC transmission lines along various routes from Wyoming to the Southwest and is assessing the environmental and other siting issues raised by the potential routes. We have completed the initial transmission and permitting analyses, as well as the APS internal economic studies. The results of those analyses show project alternatives that are feasible across a wide range of assumptions and we anticipate beginning the permitting process by early 2007.

The following diagram shows one of the 500 kV AC transmission line alternatives under consideration for TransWest Express:



The following diagram shows one of the DC transmission line alternatives being evaluated:



To fulfill the goal of opening access for Arizona and the Southwest to Wyoming's wind and coal resources, TransWest Express will be required to cross federal lands. Siting, although never an easy process, will be facilitated if TransWest Express is able to use pre-designated utility corridors on those federal lands

APS believes that the timely implementation of Section 368 will:

- Assist the federal land agencies in addressing the anticipated need for new energy infrastructure in the West in their planning efforts;
- encourage that planning to be conducted in a coordinated West-wide manner so
 that designated corridors address the need to deliver power across federal land
 from often remote power sources to loads or markets needing access to that
 power;
- assure that the environmental work accomplished during the designation process
 does not need to be repeated when transmission projects ultimately are sited in
 pre-designated corridors, thereby streamlining the actual siting of new facilities
 within the corridors; and
- reduce the uncertainties of siting on federal lands when companies are able to
 avail themselves of pre-designated corridors, as uncertainty is always a crucial
 component when major projects have to be financed in the capital markets.

APS will submit comments to the federal agencies regarding the proposed corridor maps, but notes the following concerns and issues that we believe should be considered:

The preliminary maps issued by the federal agencies do not include already
existing corridors as corridors to be carried forward. It is not clear if that is
intended to imply that those corridors will not be redesignated or whether they
will remain in place and the corridors on the map are additional corridors. APS
believes that the agencies need to carry forward all of the existing corridors

already included in Resource Management Plans and that the PEIS should address additional utility corridors.

While APS understands the concern that agencies might have had about public reaction to something that might be perceived as "over designation," it is critical that utility corridors be wide enough to provide the flexibility needed to avoid environmentally sensitive areas, address engineering, technical and vegetation management constraints, and allow lines to be built with sufficient separation to reduce the risk of simultaneous outages of multiple lines. We believe that the drivers for decision making ought to be: (1) anticipated need; (2) an unbiased assessment about how to meet those needs where federal lands must be involved (i.e., avoiding sensitive land unless no other options are available and setting an appropriate higher burden for demonstrating need and no other feasible alternatives when sensitive lands are involved); and (3) the technical requirements governing co-location of energy facilities of the same type or differing types. The agencies have preliminarily proposed corridors of only 3,500 feet wide. Such a narrow corridor not only would be narrower than many previously designated corridors, but does not meet the criteria listed above. APS believes that corridors should be no less than one mile wide and preferably 3-5 miles wide.

Unfortunately, Arizona is quite familiar with the issues raised by lines that were built within a too-narrow corridor. Included as Attachments 3-4 to my testimony are photographs demonstrating the impact that fires, for example, can have on transmission lines that have been constructed within close proximity of each

other. APS and Salt River Project (SRP) both serve the Phoenix metropolitan area. The photographs show the SRP Coronado to Silverking 500kV and APS Cholla to Saguaro 500kV lines, both of which recently had to be taken out of service because of the Potato Complex fire in Arizona. The need to take both lines out of service at the same time potentially could have been avoided if the lines could have been built with a larger separation between them. Although the lines were constructed with spacing that sought to balance the need for a right-of-way, the public desire for consolidation, and the need to minimize impact (visual and ground disturbance) and cost, we have learned over the years that additional spacing can be critical to ensure reliability. That is one reason that APS has advocated for widening of existing corridors and for the designation of new corridors to avoid construction of new lines in already existing common corridors.

APS also understands that the Departments are planning to define procedures for siting within designated corridors, as well as the management practices that should be employed. Such practices and procedures will be very important to us and other electric utilities. Meaningful siting procedures that recognize the substantial environmental work that already will have been completed as part of the PEIS will be critical to making the designated corridors useful for their intended purposes. For example, if the siting procedures required within a designated corridor are not appreciably streamlined compared to those required for siting outside a corridor, companies will have less incentive to avail themselves of these corridors. The procedures developed also should draw from

the experiences of those states recognized as having efficient and effective siting processes, such as the Arizona Corporation Commission's transmission line siting committee. To the extent possible, the federal process also should coordinate with state processes.

- We also firmly believe that the best management practices developed for designated corridors need to recognize that mandatory reliability standards for vegetation management will soon be in place as required by the EPAct 2005.

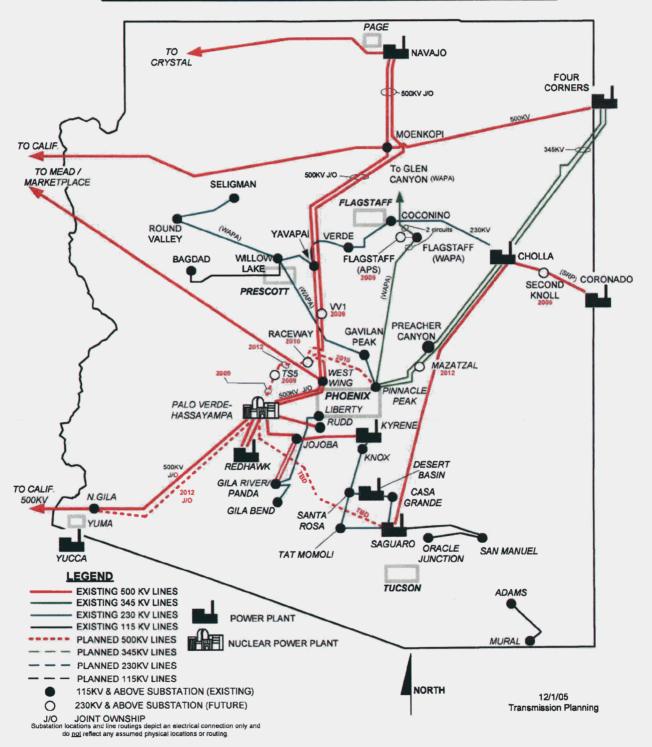
 Through the Edison Electric Institute (EEI), we have signed a Memorandum of Understanding (MOU) with the federal land agencies and the Environmental Protection Agency (EPA), which we hope upon implementation will lead to more timely, technically and environmentally sound vegetation management of transmission rights-of-way (ROWs) on federal land. In addition, the Section 1211(c) of EPAct 2005 requires expedited approvals for steps necessary to comply with mandatory reliability standards. The management practices developed for designated energy corridors is one of the first places where the Departments can begin to implement the MOU and Section 1211(c) to assure that reliability standards can be met.
- The United States Fish and Wildlife Service (USFWS) has an important role to
 play in helping the Departments complete their assignments under Section 368 on
 time. The active and consistent participation of USFWS in the process will be
 required for the Departments to reach the final designations of energy corridors

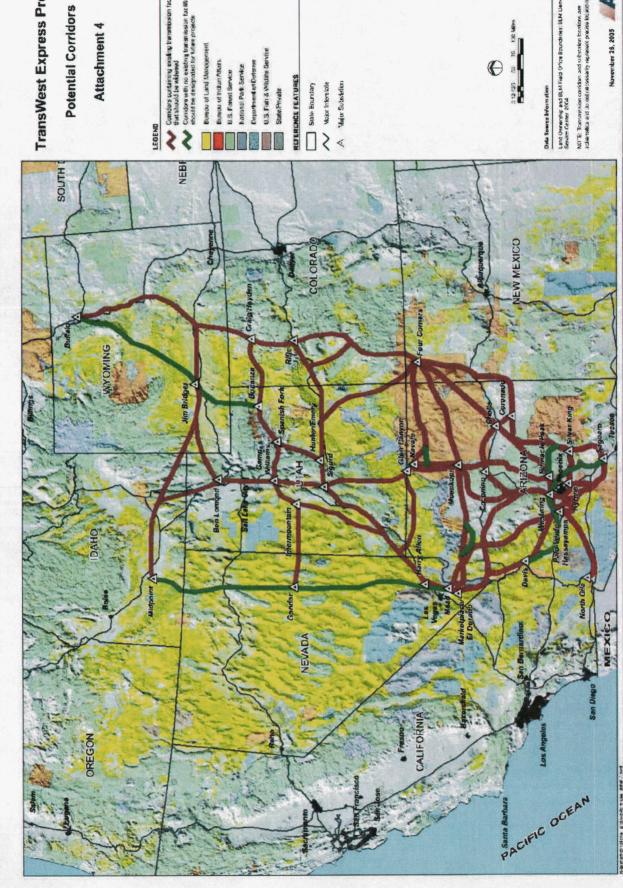
across federal lands. USFWS will be critical to the development and review of streamlined siting procedures and the best management practices designed for the corridors. We urge you to assure that USFWS is taking on this responsibility and fully participating and responding to needs identified in interagency corridor effort.

Finally, while I've primarily discussed energy corridors on federal land, I want to take a moment to discuss the new Section 216(h) of the Federal Power Act, established by EPAct 2005. This provision gives the Department of Energy (DOE) lead agency responsibility to coordinate the issuance of all federal authorizations required for transmission projects. This primarily means the authorizations required to cross federal land, including USFWS review. It requires a coordinated process to ensure that the federal authorizations are issued based on the same consolidated record of review, in a timely fashion and, to the maximum extent practicable, coordinated with state siting processes. We are pleased that DOE, the federal land agencies, and the Federal Energy Regulatory Commission (FERC) have commenced the implementation of the consolidated review. Effective and judicious development and implementation of that review process are essential to facilitate the timely construction of the transmission projects required to need the infrastructure needs of the West. We also encourage DOE and FERC to implement a federal process that can be coordinated with and implemented at the same time as the state siting process is being implemented.

Thank you for holding this hearing and providing all of us speaking today the opportunity to discuss the infrastructure siting issues we are attempting to address. APS looks forward to working with you on these issues.

APS EHV & OUTER DIVISION 115/230 KV TRANSMISSION PLANS 2006 - 2015

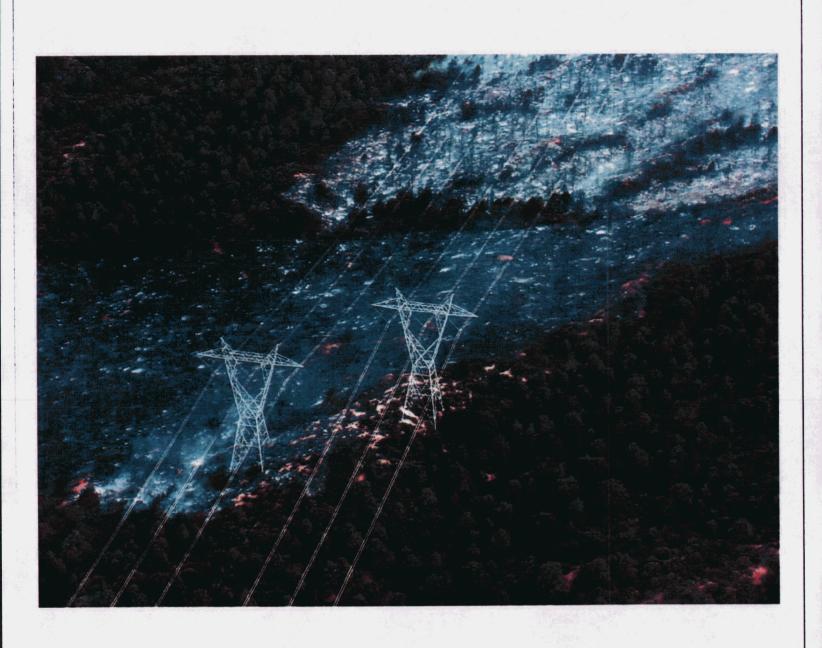




TransWest Express Project









APS

Potential Corridors for Future Transmission Lines

U.S. Fish & Wildife Se





Wednesday, February 13, 2008

West-Wide Energy Corridor DEIS Argonne National Laboratory 9700 S. Cass Avenue Building 900, Mail Stop 4 Argonne, IL 60439

RE: APS Comments on the West-wide Energy Corridors Draft PEIS

Arizona Public Service Company ("APS") appreciates the opportunity to make additional comments on the Draft Programmatic Environmental Impact Statement ("DPEIS") implementing Section 368 of the Energy Policy Act of 2005. APS filed our original comments on November 28, 2005 and made supplemental comments on the draft corridor maps on July 10, 2006. Although we will not repeat our original comments in this submittal, we wish to reiterate and re-emphasize the general comments contained in the previous filings. We do note that some of the corridors recommended by APS have been included in the latest West-wide Corridor Maps and we appreciate that consideration. However, we believe for the West-wide Corridor effort to achieve its ultimate goal, to meet the needs for future planned electric transmission infrastructure in the Southwest, all of our previously recommended corridors should be incorporated into the process and some existing corridors should be widened.

Attached with this correspondence is a map of the state of Arizona that we have labeled Attachment 3. This map identifies corridors that have been included in the West-wide Energy Corridors DPEIS; corridors that contain existing transmission facilities that should be widened; and corridors with no existing transmission facilities that should be designated for future facilities. We believe that these additional corridors must be included to enable future planned projects to transport the remote base load generation to the load pockets around the Phoenix Metropolitan Area. A decision not to include them in this process could be incorrectly perceived by the public or other groups that they are not needed or in some way are less important than the corridors that were included in the DPEIS effort, which is not the case.

With regard to the DPEIS planned corridor width of 3,500 feet, APS believes, and others in the electric industry agree, that the 3,500 foot corridor widths are inadequate. This is primarily related to the fact that some existing corridors contain multiple lines. For example, the APS Cholla to Pinnacle Peak Substation corridor already contains two 345kV transmission lines. Establishing this corridor with a width of 3,500-feet could limit its use for additional lines because of reliability separation considerations and the need to deal with terrain and environmental resource issues. Additionally, some corridors have multiple uses (electric, petroleum pipelines etc.); these corridors should be widened for the same reasons stated above. Additionally, some previously established corridors on federal lands in Arizona are wider than 3,500 feet. For example, the Palo Verde to North Gila Substation corridor as indicated in the BLM's Lower Gila South Resource Management Plan is one-mile wide. As we stated in our original correspondence, we believe that a more reasonable width for these corridors should be a minimum of one-mile and corridors of up to three miles wide would enable optimal flexibility during engineering and design of the facilities.

As we expressed in our original filing in November of 2005, APS has initiated feasibility studies to analyze the possibility of bringing additional load serving resources from Wyoming to Arizona through

the development of the TransWest Express Project (TWEP). The TWEP would consist of new a 500kV DC line to transport these new resources to Arizona. The TWEP is currently being managed by National Grid on behalf of several potential utility participants in the project. APS wants the official record in this DPEIS process to show that we support the recommendations for corridors for the TransWest Express Project filed by National Grid on behalf of the TWEP participants.

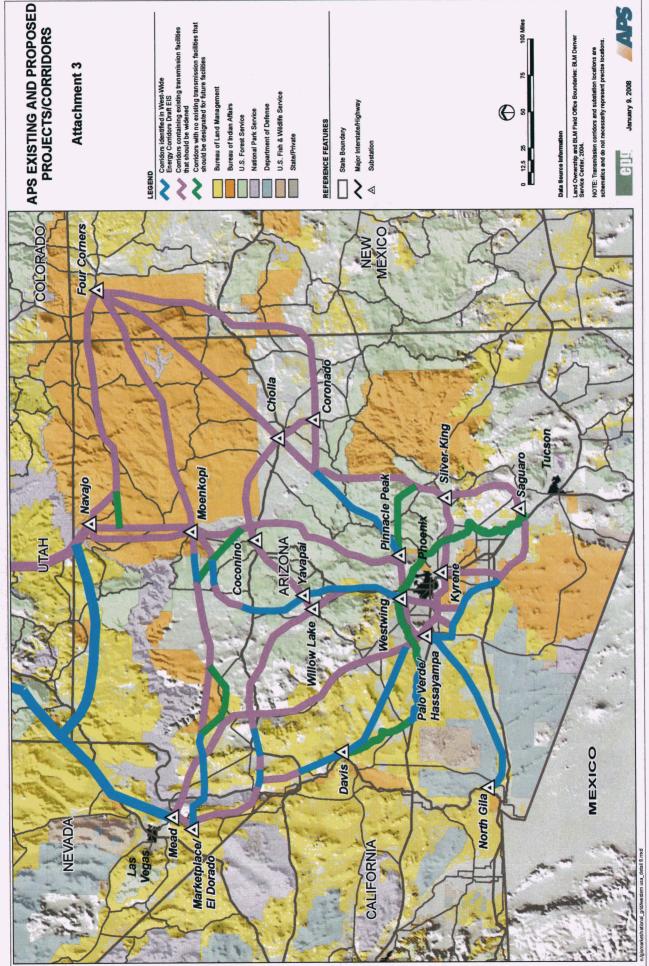
APS has also initiated a process to work with all six National Forests in Arizona, through their Forest Plan Revision Process, to encourage the maintenance and expansion of existing utility corridors while giving serious consideration to the adoption of new corridors in their updated Forest Plans necessary for future infrastructure development. These new corridors may supplement those identified through PDEIS based on the specific resource needs of APS.

We hope that these recommendations will be considered and we appreciate the difficult task that the DPEIS effort entails. We at APS stand ready to assist in any effort that will help ensure reliable, affordable, and safe electric service to our customers now and into the future.

Respectively submitted,

Gregory Bernosky Paul Herndon Mike DeWitt

Project Managers
Transmission and Facility Siting



A TS